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E.O. 12958: DECL: 05/08/2016
TAGS: [ECON](#) [EINV](#) [PREL](#) [KS](#) [KN](#)
SUBJECT: DPRK ECONOMY: INTER-KOREAN WORKING-LEVEL ECONOMIC
MEETING ENDS QUIETLY

Classified By: EconMinCouns Kurt Tong, for reasons 1.4 (b,d)

SUMMARY

¶1. (C) The most recent round of regular working-level (Director General-level) Inter-Korean Economic Talks ended with not so much as a whimper. The meeting, held in Kaesong on May 3-4, was to have focused on discussions on the inter-Korean railroad and related projects. No progress was made. South Korean government officials from MOU and MOFAT were reluctant to provide further details of the talks. End summary.

UNPRODUCTIVE DISCUSSION ON RAIL LINKS

¶2. (C) According to our contacts at the Ministry of Unification (MOU), the two sides spent most of the time at the May 3-4 talks reiterating their respective positions. Notably, the DPRK delegation continued to demand shipment and delivery of raw materials to provide clothing, shoes and other necessities of life -- in quantities sufficient to be doled out to the entire North Korean population -- before they would consider any ROK positions. The DPRK side made no concessions other than to marginally reduce the amount of raw materials demanded. In return, the North offered to let South Korea extract undeveloped resources -- in other words, finance new mining operations in North Korea.

¶3. (C) For its part, the South Korean government delegation continued to press for a date to conduct a test run of the inter-Korean railroad, a precondition to the possible use of the rail line by former South Korean President Kim Dae-jung's to travel to Pyongyang for a planned summit. Those efforts, according to MOU officials, were fruitless.

¶4. (SBU) Surprisingly, these talks in Kaesong did not produce even the one result normally associated with lackluster rounds of inter-Korean talks -- an agreement on the next round of talks. There was also no agreement on when to hold the next vice-ministerial Economic Promotion Committee talks, which had been anticipated for late May 2006. The South had reportedly expected to discuss remaining DPRK requests for rice and fertilizer assistance for 2006 at those vice-ministerial talks.

COMMENT

15. (SBU) The working-level talks, and the failure to produce any tangible results, garnered almost no attention in the South Korean media -- perhaps because they were overshadowed by the April 23-24 ministerial meeting in Pyongyang, or perhaps because South-North meetings have become so routine as to be considered not newsworthy. In fact, we had to point out to one of our South Korean government interlocutors that the meetings had in fact ended, as a way of explaining why we were calling to ask about the results.

MINTON